

## 2005-2006 General State Aid

### Step 1:

#### Determine District Need

ADM from Prior School Year multiplied by the Per Student Allocation (PSA)

**FY06 ADM x \$4,237.72**

ADM includes all students served by the district for which no payment is received (therefore includes all open-enrolled students) and it also includes any student for which the district is financially responsible (out of district placement).

The ADM figure used to determine District Need may also be "adjusted" based on the size of the district. This adjustment allows additional ADM to be added for purposes of determining district need (see ADM Adjustment Table).

### Step 2:

#### Calculate Local Effort

The "local" share of the above determined District Need is a calculated figure based on the valuation of the district and the application of the maximum levies for the calendar year.

#### Example:

To accurately determine Local Effort the district MUST calculate each half of the fiscal year separately.)

Agricultural Valuation =	\$45,228,594
Owner Occupied Valuation =	\$1,887,709
Non Ag Z Valuation =	\$233,384
Other Non-Ag Valuation =	\$2,360,062
<b>TOTAL =</b>	<b>\$49,709,749</b>

Local share of "district need" is calculated using the maximum allowable levies (pay 2005):

Agricultural	\$45,228,594	X	\$3.19/per thousand	\$144,279
Owner Occ	\$1,887,709	X	\$5.13/per thousand	\$9,684
Non Ag Z	\$233,384	X	\$4.19/per thousand	\$978
Other Non-Ag	\$2,360,062	X	\$11.00/per thousand	\$25,961

**TOTAL Local Effort = \$180,902**

If a district chooses to levy less than the maximum OR more than the maximum (opt out) those funds are not included in the above local effort determination and therefore have no affect on the calculation of state aid.

Valuation data is forwarded to DECA from the Department of Revenue and all valuations represent a median level of assessment of 85%.

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### Step 3:

#### Calculate State Aid:

State Aid is determined by subtracting the Local Effort from the District Need.

Using the above local effort and assuming an ADM of 350 State Aid would be calculated as follows:

- A) Actual ADM of 350, if less than 600 calculate the adjusted ADM  
350 adjusts to 384 (see ADM adjustment table)
- B) Multiply Adjusted ADM by PSA  
 $384 \times \$4,237.72 = \$1,627,284$
- C) Calculated Local Effort = \$180,902 (see step #2 above)
- D) Calculate State Aid =  $\$1,627,284 - \$180,902 = \$1,446,382$

#### Other Statutes Impacting State Aid:

**13-13-71.** Equalizing increase in local effort with increase in need. If local effort increases on a statewide aggregate basis by a greater percentage than local need on a statewide aggregate basis from any one year to the next, for the following year each of the levies specified in subdivision 13-13-10.1(6) shall be reduced proportionally so that the percentage increase in local effort on a statewide aggregate basis equals the percentage increase in need on a statewide aggregate basis.

**13-13-72.1.** Basis for adjustment to certain levies. Any adjustments in the levies specified in subdivision 13-13-10.1(6) made pursuant to § § 13-13-71 and 13-13-72 shall be based on maintaining the relationship between statewide local effort as a percentage of statewide local need in the fiscal year succeeding the fiscal year in which the adjustment is made.

**13-13-73.2.** Reduction in calculation of state aid. A school district's state aid for general education as calculated pursuant to § 13-13-73 shall be reduced by the following calculation:

- (1) Subtract the allowable general fund balance from the general fund balance. If the result is less than zero, (1) equals zero;
- (2) Determine the lower of the general fund base percentage or the general fund balance percentage;
- (3) Subtract twenty percent (0.2) from the result of (2). If the result is less than zero, (3) equals zero;
- (4) Multiply the result of (3) by the district's general fund expenditures in the previous school fiscal year;
- (5) Multiply the result of (4) by the imputed interest rate;
- (6) Add the result of (1) and the result of (5).

**13-13-73.3.** Distribution of money reduced from state aid. The secretary of education and cultural affairs shall determine the reduction in state aid to education pursuant to § 13-13-73.2. The secretary of education and cultural affairs shall distribute the amount of money so determined to school districts that received state aid pursuant to chapter 13-13 on a pro rata basis according to the district's average daily membership compared to the total average daily membership of all districts eligible for this distribution.